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No. 90-731

In the Supreme Court of the United States

OCTOBER TERM, 1990

HAINES AND COMPANY INC., ET AL., PETITIONERS

v.

ILLINOIS BELL TELEPHONE COMPANY, RESPONDENT

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

BRIEF FOR THE RESPONDENT

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QUESTION PRESENTED

Whether wholesale appropriation of data from a copyrighted directory for use in the preparation of another directory is precluded by the Copyright Act of 1976, 17 U.S.C. § 101 *et seq.*

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
STATEMENT	1
DISCUSSION	4
CONCLUSION	11

TABLE OF AUTHORITIES

Cases: Page

Atari, Inc. v. *North American Philips Consumer Electronics Corp.*, 672 F.2d 607 (7th Cir.), cert. denied, 459 U.S. 880 (1982) 10

Cooling Systems & Flexibles, Inc. v. *Stuart Radiator, Inc.*, 777 F.2d 485 (9th Cir. 1985) 8, 10

Eckes v. *Card Prices Update*, 736 F.2d 859 (2d Cir. 1984) 7

Evans Newton Inc. v. *Chicago Systems Software*, 793 F.2d 889 (7th Cir.), cert. denied, 479 U.S. 949 (1986) 10

Financial Information, Inc. v. *Moody's Investors Service, Inc.*, 808 F.2d 204 (2d Cir. 1986), cert. denied, 848 U.S. 820 (1987) 7

Harper House, Inc. v. *Thomas Nelson, Inc.*, 889 F.2d 197 (9th Cir. 1989) 8, 10

Harper & Row, Publishers, Inc. v. *Nation Enterprises*, 471 U.S. 539 (1985) 3, 5, 8, 9

Hoehling v. *Universal City Studios, Inc.*, 618 F.2d 972 (2d Cir.), cert. denied, 449 U.S. 841 (1980) .. 7, 10

Hutchinson Tel. Co. v. *Fronteer Directory Co.*, 770 F.2d 128 (8th Cir. 1985) 6

Landsberg v. *Scrabble Crossword Game Players, Inc.*, 736 F.2d 485 (9th Cir.), cert. denied, 469 U.S. 1037 (1984) 8

Leon v. *Pacific Tel. & Tel. Co.*, 91 F.2d 484 (9th Cir. 1937) 6, 8

Miller v. *Universal City Studios, Inc.*, 650 F.2d 1365 (5th Cir. 1981) 7

Rosemont Enterprises, Inc. v. *Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), cert. denied, 385 U.S. 1009 (1967) 7

Schroeder v. *William Morrow & Co.*, 566 F.2d 3 (7th Cir. 1977) 3, 9

Sid & Marty Krofft Television Productions, Inc. v. *McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977) 9-10

Southern Bell Tel. & Tel. Co. v. *Associated Tel. Directory Publishers*, 756 F.2d 801 (11th Cir. 1985) 7

TABLE OF AUTHORITIES—Continued

Page

United Tel. Co. v. *Johnson Publishing Co.*, 855 F.2d 604 (8th Cir. 1988) 9, 10
Universal Athletic Sales Co. v. *Salkeld*, 511 F.2d 904 (3d Cir.), cert. denied, 423 U.S. 863 (1975) .. 8, 10
Walker v. *Time Life Films, Inc.*, 784 F.2d 44 (2d Cir.), cert. denied, 476 U.S. 1159 (1986) 7, 9, 10
Worth v. *Selchow & Righter Co.*, 827 F.2d 569 (9th Cir. 1987), cert. denied, 485 U.S. 977 (1988) 8

Statute:

Copyright Act of 1976, 17 U.S.C. 101 *et seq.* 6

Miscellaneous

H.R. Rep. No. 1476, 94th Cong., 2d Sess. (1976) 6
Lurvey, *"Verifying" From Prior Directories—"Fair Use" or Theft?*, 13 Bull. Copyright Soc. 271 (1966) 5
3 M. & D. Nimmer, *Nimmer on Copyright* (1990) .. 5, 9
S. Rep. No. 473, 94th Cong., 1st Sess. (1975) 6
Squires, *Copyright and Compilations in the Computer Era: Old Wine in New Bottles*, 24 Bull. Copyright Soc. 18 (1976) 5

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No. 90-731

HAINES AND COMPANY INC., ET AL., PETITIONERS

v.

ILLINOIS BELL TELEPHONE COMPANY, RESPONDENT

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit

BRIEF FOR THE RESPONDENT

STATEMENT

1. Respondent is a public utility that provides telephone service. In the course of its business and pursuant to state law, respondent produces and distributes telephone directories. In relevant part, these directories—the familiar telephone "white pages"—contain alphabetically arranged listings of respondent's customers, along with their addresses and telephone numbers. Pet. App. 16a. Each of the directories was registered with the Copyright Office. *Id.* at 19a.

Petitioner publishes directories that contain much of the same information, although arranged in a different format. Insofar as is relevant here, petitioner's directories contain a so-called "Addressakey" listing, in which names, telephone numbers, and cer-

tain other information are arranged by address. Pet. App. 16a-17a. The directories also contain a "Telokey" listing, in which the same information, broken down geographically, is arranged in the ascending numerical order of the telephone numbers. *Id.* at 17a.

From 1971 through 1980 petitioner purchased the right to use respondent's white pages in the preparation of its directories. Under this arrangement, respondent provided petitioner with advance copies of the white pages. Petitioner would identify the new white pages listings and insert them in the next edition of its own directories. In 1982, however, petitioner chose not to renew the licensing agreement. Instead, it took published copies of respondent's white pages and used them in the same manner that it had used the advance copies obtained prior to 1980. Petitioner did not verify the new listings before placing them in its own directories; as a consequence, 10 of 12 fictitious listings placed in the 1982 white pages, and 13 of 14 fictitious listings placed in the 1983 white pages, appeared in petitioner's directories. Pet. App. 2a-3a; 18a-19a.

2. Respondent then brought this action, asserting that 10 editions of petitioner's 1982 and 1983 directories infringed the copyright in 34 of respondent's directories.[1] Pet. App. 19a. The district court ruled for respondent. *Id.* at 15a-26a. The court first found that "the 'white pages' of telephone books are copyrightable compilations under 17 U.S.C. §§ 102 and

[1] Petitioner asserted a counterclaim, alleging Sherman Act violations on the part of respondent. See Pet. App. 7a. The district court dismissed the counterclaim; that ruling was upheld on appeal. *Id.* at 7a-11a. Petitioner has not sought review of that aspect of the decision below.

103." Pet. App. 20a. Relying on *Schroeder* v. *William Morrow & Co.*, 566 F.2d 3 (7th Cir. 1977), the court explained that " '[a]nother is entitled to make his own compilation of the same names and addresses, using information in the public domain, but he is not entitled merely to copy the copyrighted list.' " Pet. App. 21a (quoting *Schroeder*, 566 F.2d at 5-6). With this in mind, the court held that petitioner infringed respondent's copyright because "[d]irect evidence of copying exists here: [petitioner] admits copying occurred." Pet. App. 24a. The court added that petitioner could not rely on a defense of fair use because "[w]hen a defendant fails to start with his own independent canvass and instead starts with plaintiff's copyrighted information, * * * this defense is unavailable." *Id.* at 25a.

The court of appeals affirmed. Pet. App. 1a-14a. The court agreed that respondent's directory was subject to copyright, noting that this Court had cited *Schroeder* for the proposition that " 'a compilation of pure fact[] entails originality.' " Pet. App. 5a (quoting *Harper & Row, Publishers, Inc.* v. *Nation Enterprises*, 471 U.S. 539, 547 (1985)). Responding to petitioner's complaint that its directories were not "substantially similar" to respondent's, the court added that "[e]stablishing substantial similarity is necessary only when direct evidence of copying is unavailable. Here there is direct evidence of copying, i.e., [petitioner's] admitted use of the information in [respondent's] directories to create its directory, and therefore, proof of substantial similarity is not required." Pet. App. 7a (citation omitted).

DISCUSSION

We agree that it would be appropriate to hold the petition in this case pending the decision in *Feist Publications, Inc.* v. *Rural Telephone Service Co.*, No. 89-1909, scheduled to be argued on January 9, 1991. There are significant differences between the issues in the two cases: the petitioner in *Feist* principally argues that telephone directories are not subject to copyright at all, while petitioner here evidently concedes copyrightability; the *Feist* petitioner asserts a fair use defense, while petitioner here does not. Petitioners in both cases do argue, however, that copyright in a directory protects only the arrangement of the listings. The decision in *Feist* accordingly may have some bearing on the claim here.

Having said that, two additional points merit emphasis. First, petitioner's claim here is, in one significant respect, weaker than the claim of petitioner in *Feist*. Second, apart from the question already presented in *Feist*, none of the issues raised by petitioner here warrants consideration by this Court. If the petition is held, both of those points should be borne in mind when this petition is considered again in light of the disposition of *Feist*.

1. The petitioners both in this case and in *Feist* copied a substantial portion of their listings from copyrighted directories. The *Feist* petitioner, however, independently verified the accuracy of those listings before printing them in its directory; petitioner here did not. While we do not believe that such verification vitiates the infringement when data is copied wholesale from a copyrighted directory, there is some (very old) authority suggesting that copying in such circumstances is a permissible practice. See

Squires, *Copyright and Compilations in the Computer Era: Old Wine in New Bottles*, 24 Bull. Copyright Soc. 18, 28 n.41 (1976); Lurvey, *"Verifying" From Prior Directories—"Fair Use" or Theft?*, 13 Bull. Copyright Soc. 271 (1966). But we are not aware of any decision approving the wholesale appropriation of directory listings without such verification. Even if the petitioner in *Feist* prevails, then, the outcome there might not affect this case.

2. Petitioner raises a number of issues that it contends merit this Court's consideration. None does.

a. Petitioner asserts (Pet. 13-15) that this case warrants review apart from *Feist* because the factual settings of the cases differ; *Feist* involves competing directories while this one does not. Even if petitioner's characterization of the facts is correct, however, it is beside the point here. The purpose of the infringing work never has been deemed relevant to the scope of the basic protections accorded a copyrighted work. That necessarily is so; it is difficult to see how an infringer's lack of a competitive purpose could bear on the legal question whether copyright protection in a compilation extends only to the particular arrangement of its listings. In fact, the purpose to which the material taken from a copyrighted work will be put—in particular, the effect on the market for the copyrighted work—is considered under the rubric of fair use as a defense to what otherwise would be unlawful copying. See generally *Harper & Row, supra;* 3 M. & D. Nimmer, *Nimmer on Copyright* § 13.05 (1990). But petitioner did not assert fair use as a defense before the court of appeals, and does not advance a fair use contention in its petition. Review of its claim here accordingly is inappropriate.

b. Petitioner asserts (Pet. 16-19) a conflict between the holding below and decisions of the Second, Fifth, and Ninth Circuits on the scope of copyright protections for compilations of data. There is no merit in this contention. In fact, we are not aware of any decision of any court that has sanctioned the wholesale appropriation of data from a compilation.

Needless to say, we agree with petitioner's statement that facts are not subject to copyright. But courts long have accorded extensive copyright protection to compilations of data. Before enactment of the Copyright Act of 1976, 17 U.S.C. § 101 *et seq.*, courts consistently held that the wholesale appropriation of data from a copyrighted directory infringed the copyright, even if the data were rearranged by the infringer. Indeed, in the leading case from that period, the copyrighted work was an alphabetical white pages directory; the Ninth Circuit upheld the copyright holder's infringement claim when the listings were repackaged as a so-called "criss-cross" directory similar to petitioner's. *Leon* v. *Pacific Tel. & Tel. Co.*, 91 F.2d 484, 485 (9th Cir. 1937). Congress expressly endorsed the then-existing standards on the scope of copyright protection, such as those applied in *Leon*, when it enacted the Copyright Act. See H.R. Rep. No. 1476, 94th Cong., 2d Sess. 51 (1976); S. Rep. No. 473, 94th Cong., 1st Sess. 50 (1975). See *Hutchinson Tel. Co.* v. *Fronteer Directory Co.*, 770 F.2d 128, 131 (8th Cir. 1985) (Congress "ratif[ied] an unbroken line of cases").

These decisions did not hold facts as such to be copyrightable. Instead, they reasoned that the compiler's original—and therefore copyrightable—contribution was his collection and coordination of a mass of data. As a consequence, wholesale appropriation

of that data was understood to infringe the compiler's copyright.

The decisions cited by petitioner are wholly consistent with this understanding. Of the Second Circuit cases relied upon by petitioner (Pet. 18-19 & n.6), three involved factual narratives rather than compilations and therefore are not relevant here;[2] the other two (neither of which involved a telephone directory) expressly left open the possibility that "wholesale appropriation" of data from a compilation would amount to infringement. *Eckes* v. *Card Prices Update*, 736 F.2d 859, 862 (2d Cir. 1984); *Financial Information, Inc.* v. *Moody's Investors Service, Inc.*, 808 F.2d 204, 207 n.1 (2d Cir. 1986), cert. denied, 848 U.S. 820 (1987).[3] The Fifth Circuit decision relied upon by petitioner (Pet. 17) also involved a narrative rather than a compilation; far from supporting petitioner's position, it noted "the special protection granted directories under the copyright law." *Miller* v. *Universal City Studios, Inc.*, 650 F.2d 1365, 1370 (5th Cir. 1981).[4] And the Ninth Circuit, while

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[2] *Walker* v. *Time Life Films, Inc.*, 784 F.2d 44, 49 (2d Cir.), cert. denied, 476 U.S. 1159 (1986); *Hoehling* v *Universal City Studies, Inc.*, 618 F.2d 972, 978-979 (2d Cir.), cert. denied, 449 U.S. 841 (1980); *Rosemont Enterprises, Inc.* v. *Random House, Inc.*, 366 F.2d 303, 310 (2d Cir. 1966), cert. denied, 385 U.S. 1009 (1967).

[3] Indeed, the plaintiff's work in *Financial Information* was held to be not copyrightable at all. 808 F.2d at 208. As petitioner does not deny the copyrightability of respondent's directory, the holding in *Financial Information* is of no relevance here.

[4] While *Southern Bell Tel. & Tel. Co.* v. *Associated Tel. Directory Publishers*, 756 F.2d 801, 810 (11th Cir. 1985), has language suggesting that only the form of a directory

questioning some of the language in *Leon*, never has overruled that decision; to the contrary, that court also has recognized that special rules apply in cases involving "infringement of one directory by another." *Worth* v. *Selchow & Righter Co.*, 827 F.2d 569, 573 (9th Cir. 1987), cert. denied, 485 U.S. 977 (1988).[5] Petitioner's assertion of a conflict (to the extent that it survives *Feist*) accordingly does not warrant review.

c. Petitioner's similar assertion (Pet. 19-21) of tension between the decision below and this Court's holding in *Harper & Row*, *supra*, is similarly without foundation. The Court in *Harper & Row* did indicate, of course, that particular facts may not be copyrighted. But the Court did not suggest that one may copy at will from a factual publication. The Court recognized—and did not resolve—confusion in the lower courts over the extent of copyright "in the realm of factual narrative." 471 U.S. at 548.[6] And as the court of appeals observed (Pet. App. 5a), the

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is protected, the court in fact found infringement. See *id.* at 811 & 809-810 n.9.

[5] The other Ninth Circuit decisions cited by petitioner (Pet. 16-17) also did not involve directories. *Harper House, Inc.* v. *Thomas Nelson, Inc.*, 889 F.2d 197, 198-199 (9th Cir. 1989) (time organizer); *Cooling Systems & Flexibles, Inc.* v. *Stuart Radiator, Inc.*, 777 F.2d 485, 491-492 (9th Cir. 1985) (catalog); *Landsberg* v. *Scrabble Crossword Game Players, Inc.*, 736 F.2d 485, 486 (9th Cir.) (Scrabble strategy book), cert. denied, 469 U.S. 1037 (1984). The same is true of the Third Circuit decision cited (Pet. 17-18) by petitioner. *Universal Athletic Sales Co.* v. *Salkeld*, 511 F.2d 904, 907-909 (3d Cir.) (exercise chart), cert. denied, 423 U.S. 863 (1975).

[6] As this case does not involve a factual narrative, it is not a suitable vehicle for settling that controversy.

Court in *Harper & Row* noted the availability of copyright in "a compilation of pure fact." 471 U.S. at 547. The Court cited for that proposition *Schroeder*, the decision relied upon by the court below. *Id.* It is worth adding that *Schroeder* involved a situation very much like the one in this case: the court found infringement when listings from a gardening directory were edited and placed in a volume with a different format. See 566 F.2d at 4-5. Against this background, nothing in *Harper & Row* is inconsistent with the decision below.

d. Finally, petitioner asserts that the decision below conflicts with holdings of other courts assertedly requiring the plaintiff in a copyright infringement action to prove *both* copying of the copyrighted work and substantial similarity between the copyrighted and infringing works. Pet. 21-24. In fact, other courts have no such rule. As the late Professor Nimmer explained, "[r]educed to most fundamental terms, there are only two elements necessary to the plaintiff's case in an infringement action: ownership of the copyright by the plaintiff and copying by the defendant." 3 M. & D. Nimmer, *supra*, § 13.01, at 13-4 (footnotes omitted). Substantial similarity between the works is simply one way of proving copying. "It is generally not possible to establish copying by direct evidence * * *. Therefore copying is ordinarily established indirectly by the plaintiff's proof of access [to the copyrighted work by the defendant] and substantial similarity." *Id.* § 13.01[B], at 13-7 to 13-8 (footnotes omitted).

The decisions cited by petitioner recognize this rule. See, *e.g.*, *United Tel. Co.* v. *Johnson Publishing Co.*, 855 F.2d 604, 607 (8th Cir. 1988); *Walker*, 784 F.2d at 48; *Sid & Marty Krofft Television Produc-*

tions, Inc. v. *McDonald's Corp.*, 562 F.2d 1157, 1162 (9th Cir. 1977). These courts have suggested that proof of copying is not enough to establish infringement only when the thing copied is not *itself* copyrightable. As the Second Circuit explained,

> [c]opying may be inferred where a plaintiff establishes that the defendant had access to the copyrighted work and that substantial similarities exist as to protectible material in the two works. Put another way, [the plaintiff] must show that his book was "copied," by proving access and substantial similarity between the works, and also show that his expression was "improperly appropriated," by proving that the similarities relate to copyrightable material.

Walker, 784 F.2d at 48 (citations omitted). That is the distinction drawn in each of the cases cited by petitioner.[7]

The Seventh Circuit follows an identical rule—as is suggested by petitioner's citation to two decisions of that court. See Pet. 22-23 (citing *Evans Newton Inc.* v. *Chicago Systems Software*, 793 F.2d 889, 893 (7th Cir.), cert. denied, 479 U.S. 949 (1986)); Pet. 23 n.9 (citing *Atari, Inc.* v. *North American Philips Consumer Electronics Corp.*, 672 F.2d 607, 615 (7th Cir.), cert. denied, 459 U.S. 880 (1982)). In this case, the court below held that the wholesale appropriation of data from a compilation takes copyrightable matter. And because copying here was admitted, the court concluded that there was no need for it to

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[7] See *Harper House*, 889 F.2d at 207-208; *Walker*, 784 F.2d at 48; *Cooling Systems*, 777 F.2d at 491-492; *Hoehling*, 618 F.2d at 977; *Sid & Marty Krofft Television Productions*, 562 F.2d at 1162, 1165; *Universal Athletic Sales*, 511 F.2d at 908. Cf. *United Tel. Co.*, 855 F.2d at 607-608.

inquire further. If the court of appeals is correct in its analysis of the scope of copyright protection accorded directories, nothing in its holding conflicts with the decisions of other courts regarding the relationship between copying and substantial similarity.

CONCLUSION

The petition for a writ of certiorari should be held pending disposition of *Feist Publications, Inc.* v. *Rural Telephone Service Co.*, No. 89-1909.

Respectfully submitted.

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